

PROPOSED CONSOLIDATION OF EVERY TEN (10) EXISTING ISSUED ORDINARY SHARES IN THE CAPITAL OF THE COMPANY INTO THREE (3) ORDINARY SHARES (THE “PROPOSED SHARE CONSOLIDATION”)

1. INTRODUCTION

- 1.1 The directors of the Company (the “**Directors**”) wish to announce that the Company proposes to undertake a share consolidation of every ten (10) ordinary shares in the issued and paid-up capital of the Company (“**Existing Shares**”) registered in the name of each shareholder of the Company (“**Shareholder**”) as at a books closure date to be determined by the Directors in their absolute discretion as they deem fit (“**Books Closure Date**”) into three (3) ordinary shares (“**Consolidated Shares**”).

2. DETAILS OF THE PROPOSED SHARE CONSOLIDATION

- 2.1 Under the Proposed Share Consolidation, every ten (10) Existing Shares registered in the name or standing to the credit of the securities account of each Shareholder or Depositor (as the case may be) as at the Books Closure Date will be consolidated into three (3) Consolidated Shares.
- 2.2 Each Consolidated Share will rank *pari passu* in all respects with each other, and will be traded in board lots of one hundred (100) Consolidated Shares.
- 2.3 **Shareholders should note that the number of Consolidated Shares which they will be entitled to pursuant to the Proposed Share Consolidation, based on their holdings of the Existing Shares as at the Books Closure Date, will be rounded down to the nearest whole Consolidated Share and any fraction of a Consolidated Share arising from the Proposed Share Consolidation will be disregarded. All fractional entitlements arising from the implementation of the Proposed Share Consolidation will be dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company. Affected Shareholders will not be paid for any fractions of a Consolidated Share which are disregarded.**
- 2.4 As at the date of this Announcement, the Company has an issued and paid-up capital of S\$89,588,161.50 comprising 557,094,216 ordinary shares which are listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). On the assumption that there will be no new ordinary shares issued by the Company up to the Books Closure Date, the Company will have an issued and paid-up capital of S\$89,588,161.50 comprising approximately 167,128,264 Consolidated Shares following completion of the Proposed Share Consolidation.

- 2.5 The Proposed Share Consolidation will have no impact on the dollar value of the issued and paid-up share capital of the Company. The Proposed Share Consolidation will not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and has no effect on shareholders' funds of the Company and its subsidiaries.
- 2.6 The Proposed Share Consolidation is not expected to cause any changes to the percentage shareholding of each Shareholder in the Company, other than non-material changes due to fractional rounding.
- 2.7 Shareholders are not required to make any payment to the Company in respect of the Proposed Share Consolidation.
- 2.9 Subject to Shareholders' approval being obtained for the Proposed Share Consolidation at a duly convened extraordinary general meeting of the Company, Shareholders' holdings of the Consolidated Shares arising from the Proposed Share Consolidation will be ascertained on the Books Closure Date for the Proposed Share Consolidation.

3. RATIONALE FOR THE PROPOSED SHARE CONSOLIDATION

- 3.1 The SGX-ST implemented a minimum trading price of S\$0.20 per share for Mainboard listed issuers as a continuing listing requirement (the "**MTP Requirement**") with effect from 2 March 2015.
- 3.2 Pursuant to the new MTP Requirement, issuers which are not able to record a six-month volume weighted average price of its shares of S\$0.20 or above on 1 March 2016 and any of the subsequent quarterly review dates will be placed on a watch-list. Affected issuers will be provided with a cure period of thirty-six (36) months to take remedial actions. Affected issuers which fail to take remedial actions during the cure period may be delisted from the Mainboard of the SGX-ST.
- 3.3 For the past six (6) months prior to the date of this Announcement, the absolute price of the Existing Shares traded in a range between 9.2 cents and 15.0 cents. The volume weighted average price of the Existing Shares for the six months up to 24 August 2015 was 12.7 cents.
- 3.4 The Proposed Share Consolidation will rationalise the share capital of the Company by reducing the number of issued ordinary shares, and the trading price per Consolidated Share should theoretically be proportionally higher than the trading price per Existing Share prior to the Proposed Consolidation.

The theoretical adjusted six (6) month volume weighted average price of a Consolidated Share for the six-month period up to 24 August 2015 is approximately 42.19 cents.

- 3.5 In the light of the above, the Company proposes to undertake the Proposed Share Consolidation to comply with the MTP Requirement.

- 3.6 **However, Shareholders should note that there is no assurance that the Proposed Share Consolidation will achieve the desired results described in paragraph 3.4, nor is there assurance that such results (if achieved) can be sustained in the longer term.**

4. APPROVALS AND CONDITIONS

- 4.1 The Proposed Share Consolidation is subject to, *inter alia*, the following:-

- (a) the approval of Shareholders for the Proposed Share Consolidation at an extraordinary general meeting (“**EGM**”) to be convened; and
- (b) the in-principle approval of the SGX-ST for the dealing in, listing of and quotation for the Consolidated Shares on the main board of the SGX-ST.

- 4.2 An application will be made to the SGX-ST for the dealing in, listing of and quotation for the Consolidated Shares on the mainboard of the SGX-ST. The Company will release an announcement on the outcome of the application in due course.

5. CIRCULAR TO SHAREHOLDERS

- 5.1 Subject to approval from the SGX-ST, a circular setting out, *inter alia*, details of the Proposed Share Consolidation and enclosing a notice of the EGM will be despatched to Shareholders in due course.

- 5.2 **Meanwhile, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Company’s securities. When in doubt, Shareholders and potential investors of the Company are advised to seek independent advice from their bankers, stockbrokers, solicitors or other professional advisers.**

6. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts of the Proposed Share Consolidation, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Announcement misleading.

Where information in this Announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and /or reproduced in this Announcement in its proper form and context.

7. **INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Share Consolidation, other than through their respective shareholdings (if any) in the Company.

BY ORDER OF THE BOARD
MELVIN CHAN WAI LEONG
Chief Executive Officer
31 August 2015